

OIG Quarterly Report

2nd Quarter

April 1, 2024 – June 30, 2024



July 15, 2024

**Ellen Ha, Esq., CIG
Inspector General**

Message from the Inspector General



To the Honorable Members of Detroit City Council, the Administration, My Fellow City Colleagues, and the Members of the Public:

I can't believe 6 years have gone by since my appointment by Council. They say time flies when you are having fun. I would hardly describe the last 6 years as being fun, but it certainly was full of novel challenges, sometimes testing the limits of my angst, patience, and humility. While there were moments when my gut was doing summersaults and when I thought I would lose all my hair, they pale in comparison to the many more moments when I felt we can make a difference in adding value to the City. As I now reflect, I believe my staff and I have made a difference

during the past 6 years. After you read the remainder of this message, I hope you will concur with my reflection.

For those of you who have not met my predecessor, you should know that it is because he had built a strong and solid foundation for this office that my staff and I have been able to build on top of that foundation. So, I leave this post with the hope that the next Inspector General will add more layers to what my staff and I have been able to build over the course of my tenure here.

As I prepare to bid farewell, I now make my final report to you of the OIG's accomplishments under my leadership. They are as follows:

GENERAL STATISTICAL INFORMATION

1. We opened and closed over 1500 complaints.
2. We initiated over 200 and closed almost 400 investigations.
3. We initiated 4 and closed 3 audits.
4. We published 25 quarterly reports.
5. We published 38 final investigative and debarment reports, and request to close internal memorandums.
6. We debarred 32 individuals and contractors, 2 of which were debarred for the second time.

NOTEWORTHY FIRSTS FOR THE OFFICE

7. We initiated and completed the OIG's *first ever forensic audit* during my tenure.
8. Likewise, we handled the City's *first ever debarment* pursuant to the Debarment Ordinance. The first debarment subsequently led to the City's *first appeal of interim-suspension and debarment*. The first appeal provided the impetus for Council's Legislative Policy Division and the Law Department to set the rules and protocol for the appeal process to be followed during the many more appeals to come before Council.
9. For the first time, we *debarred the same contractor and owner twice* for engaging in illegal activity during their interim suspension / debarment period.
10. For the first time, as part of the plea agreement, in addition to making restitution payment to the City's Police and Fire Retirement System (PFRS), we required the defendant to

author and submit a *letter of apology* to the PFRS. The letter was secured at our insistence and with the assistance from the Wayne County Prosecutor's Office and the judge presiding over the case.

11. Another noteworthy first-time was when we *issued and collected a fine* from an individual who took retaliatory action against one of the witnesses during our investigation. This was executed pursuant to the Charter.
12. During one of the annual budget presentations to Council, we informed Council the need for the Charter-mandated *proportional funding* for the City's oversight agencies. Subsequently, my staff and I coordinated and met with representatives from Council President's Office, Council's Legislative Policy Division, Office of Chief Financial Officer, Law Department, Office of Auditor General, Ombudsman's Office, and Board of Ethics on a regular basis in a working group to discuss and recommend what Proportional Funding Ordinance should entail. Upon recommendations proposed by the group, a draft Ordinance was prepared by the Law Department. The Ordinance has been introduced and awaits Council's approval.
13. My staff and I also met with *state legislators and the City's lobbyist* to discuss potential legislation pertaining to matters concerning the OIG and similar agencies.
14. We created and recorded a section for the OIG in the City's virtual *new employee orientation program*. Additionally, my staff regularly participates in the City's *Monday Morning Live* virtual sessions.
15. We provided an *internal advisory letter*, for the first time, in response to a departmental inquiry pertaining to potential fraud. It is my hope that the next Inspector General will continue to establish positive rapport with more City departments and agencies.
16. For the first time, *OIG staff members, including myself as an individual, were sued*. Unfortunately, the lawsuits continued to ensue. In some of the lawsuits, we were embroiled as a named party and in others as witnesses based our investigations. As such, for the first time, my staff *required formal legal representation*.
17. We worked hard with the Law Department's attorneys and sometimes with outside legal counsel in defending our position. While I am not at all proud of being sued, I am proud to report that *all lawsuits* against our Office to date have been rightfully *dismissed by the courts* to my knowledge.
18. One of our best and proudest moment during my tenure is when one of our investigators was appointed as the first *Inspector General for the City of Columbus Division of Police*. While this was indeed a recognition of the person who became the first IG of Columbus, I believe this is also a recognition of the quality of our Office and the many talented individuals who work in the Office.

ADMINISTRATIVE AND DEBARMENT HEARINGS

19. We had at least 13 administrative and debarment hearings at our Office, some of which were held during the COVID pandemic virtually. In some hearings, we had multiple parties and multiple attorneys representing the parties.

20. Having had several administrative hearings, halfway into my tenure, we amended the OIG Administrative Hearing Rules to better clarify some of the rules and reflect the protocols established based on precedents.

INTERIM-SUSPENSIONS, DEBARMENTS, AND APPEAL TO COUNCIL

21. Thanks to the Debarment Ordinance, which in large part was established and became effective due to the efforts of my predecessor, we successfully issued the City's first debarment and interim suspension against contractors under the Ordinance. Since then, we have issued multiple interim suspensions and debarments to City contractors.
22. Upon receipt of additional evidence from contractors, and based on evidence, we have also issued revocation of the suspensions and debarments.
23. As required by the Charter, we also created and regularly update the City's Debarment List and publish the same on the City's website. Presently, 32 individuals and contractors are identified on the City's Debarment List, along with their respective effective dates.
24. We responded to each contractor's appeal of interim-suspension and debarment before City Council. For each appeal which is held during a special session of Council, we appeared before Council to present our position against the contractors.
25. As of the date of this report, I am proud to report that Council has affirmed all interim-suspension and debarments issued by the OIG.

OFFICE OPERATION

26. We began my tenure with 7 full time employees (FTEs) and 2 TASS employees. I leave the Office with 10 FTEs. In addition, we are in the process of creating another new FTE position (OIG Information Analyst).
27. It is also important to note that this Office operated within its budget each fiscal year.
28. My staff and I finalized the standards by which we should operate as an OIG. We set certain internal protocols and made some changes to our operational process to improve the efficiency based on the OIG's mission, goal, and past practices.
29. We created the Records Retention Schedule for the OIG to address the specific needs of the OIG, which was approved by the Michigan Department of Technology/Management and Budget Records Management Services.
30. My staff and I held staff meetings on a regular basis to update and discuss all open assignments, which often result in determining our next move for pending complaints, investigations, and audits.
31. In conjunction with the publication of our quarterly reports, Deputy Inspector General Kamau Marable and I met with each staff member to discuss their respective accomplishments for the quarter and exchanged feedback in our performances. During these meetings, we also discussed each staff's goal for the upcoming quarter or the year so that our expectations are aligned and met on a timely schedule.
32. We reviewed and replaced OIG Garrity forms with OIG Public Servant *Kalkines* Rights forms to better advise the witnesses of their duties and rights under the Charter during OIG investigations and audits.

33. We also created a list of OIG Contractor Advisement and Rights to better inform the contractors of their duties and rights pursuant to the Charter during OIG investigations.
34. We had the honor and the privilege of working with the Detroit Police Department, Wayne County Prosecutors Office, Michigan Attorney General Office, numerous federal agents, and the US Attorney's Office. We have also received referrals from outside agencies for our review, consideration, or feedback. To that end, some of our joint efforts with the local, state, and federal offices resulted in criminal charges and restitution payments.
35. One of our joint investigations resulted in restitution payment of more than \$4.7 million to the City. In that particular case, as part of the plea agreement, the defendant was required to wire \$1.25 million to the City prior to their sentencing. I'm happy to report that the City received the \$1.25 million restitution payment from the defendant before my departure.
36. We issued and executed 2 OIG subpoenas during my tenure. One subpoena resulted in the seizure of relevant records from a City agency. The other subpoena was issued to a third-party entity (a large international company), which resulted in their prompt response and production of records from the third-party.
37. We now track the status of the recommendations we make to various City departments and agencies based on our investigations and audits. As such, we report and update the status of our recommendations in our quarterly reports.
38. After the expiration of our lease and the pending closure of the building, my staff and I relocated to a different building during the COVID pandemic. In addition, like most governmental agencies, we have had to transition working remotely during the height of the pandemic.
39. With assistance from HR, Budget, and Council, we were able to create an associate attorney position for the Office and fill the position. OIG attorneys handle complex and high-profile investigations, as well as provide legal support to the Office in various investigative matters, including debarments.
40. My staff and I continued to work hard to maintain our respective professional certifications with the Association of Inspectors General (AIG) and other professional associations. The AIG is a professional organization that trains and certifies inspectors general around the US and internationally.

REPORTS AND PUBLICATIONS

41. After the conclusion of each quarter, we published the OIG Quarterly Report in accordance with the Charter. Although not required by the Charter, we also began incorporating the end-of-the year report with the OIG's 4th quarter report.
42. In addition to the quarterly reports, we also published 38 closed investigative memorandums and reports on the City's website, some of which drew the attention of Council and the media.
43. I penned 2 Opinions pertaining to our investigations, which were published in the *Opinion Sections* of the *Detroit Free Press* and *The Detroit News*.

44. Under the leadership of Deputy Inspector General Marable, we launched OIG's seasonal newsletter entitled "*Good Government*" to share some of our anecdotal stories and unique perspectives with all City employees and the public.
45. When necessary, we issued press-releases pertaining to our investigations, including debarments, to accurately inform the public in a transparent manner.

TRAININGS, PRESENTATIONS AND PUBLIC APPEARANCES

46. My staff and I also gave a debarment presentation at a national conference held by the AIG.
47. Some of my staff now serve on the various AIG committees, peer review team, and the Executive Board. Our office also works with various municipal inspectors general from the AIG to discuss and address concerns that are unique to municipal OIGs.
48. We also conducted and participated in numerous in-house training sessions for various City departments and agencies, some of which were presented with federal agents and members from the US Attorney's Office.
49. While the Charter amendment did not occur during my tenure, my staff and I worked hard to provide our recommendations in amending the Charter that involves the OIG. At their request, we attended one of the Commission's public meetings to present our recommendations.
50. Some of the high-profile closed investigations required my presence before Council to formally present and answer any questions pertaining to the investigations.
51. Lastly, some of our published reports generated significant public interests, some of which required interviews with the media.

While some may view our reports as a black eye for the City, they, in fact, show the City's ability to be transparent and honest. The OIG reports provide the readers with the factual context that gave rise to our investigation, whether good or bad. Regardless of politics or persons involved, our reports demonstrate our ability to be truthful, upholding the integrity in our operation. They, in fact, evidence the City's commitment to self-examine, evaluate, and critique; and at times, take self-corrective measures in how we govern ourselves. In some instances, as a result of our investigations and audits, new policy and/or training programs were developed and implemented, and corrective actions were taken.

It is important to note that our reports are not necessarily meant to find "who done it." Rather, the report should tell the reader how it happened and how can we prevent a similar incident in the future. We do not examine individuals *per se*, rather, we investigate their official conduct and the circumstances surrounding the conduct. We investigate and audit to determine whether there is room for improvement in the hopes that our reports can influence a positive change in how we conduct our business. In fact, our reports are meant to evoke and inspire candid efforts towards better governance.

Over the years, I have had the pleasure of working with some amazing people who are truly dedicated and committed in their ideals. For this, I thank you for the opportunity. Most importantly, I thank you for your confidence and trust in what we do at our Office. Without your

unwavering support of this Office in exercising our independence, we would not have had the courage or been so inspired to do our best.

I am deeply appreciative and am thankful of the experience I have gained over the years in doing my job, while serving my full term. Thank you for allowing me to do my job. Truly, it has been an honor and privilege to hold this position. As such, I now leave my post as a better person than 6 years ago. Whatever the future holds for me, I hope you will be proud to have worked with me.

The remaining pages of this report contain summaries of all investigations we closed and statistical information for the second quarter of Calendar Year 2024.

Introduction

Prior to filing for bankruptcy in 2013, the City of Detroit suffered another negative historic moment in 2008. At the request of the Detroit City Council, then Governor Jennifer Granholm presided over a forfeiture hearing of then Mayor Kwame Kilpatrick, who was criminally charged with public corruption and eventually sentenced to a lengthy prison term.

Shortly thereafter, the 2009 Charter Commission was created to review and recommend certain revisions to the Charter. The people of the City of Detroit later adopted the Commission's recommendations on November 8, 2011, to ensure such negative history does not repeat itself. The 2012 Detroit City Charter therefore contains lessons learned in 2008 and the prior years. More specifically, the 2012 Charter of the City of Detroit created the Office of Inspector General (OIG); and provided the OIG with independent authority "to ensure honesty and integrity in City government."

Although the creation of the OIG appears to make the Inspector General (IG) omnipotent over all branches of City government and contractors, its powers are limited under the Charter. Specifically, Section 7.5-305 of the Charter limits the jurisdiction of the IG to "the conduct of any Public Servant and City agency, program or official act, contractors and subcontractors . . . business entities . . . and persons" seeking certification or who are participating in "any city programs."

Section 7.5-306 of the Charter further restricts the power and the authority of the IG to "investigate. . . in order to detect and prevent waste, abuse, fraud and corruption;" and to report such matters and/or recommend certain actions be taken in accordance with Sections 7.5-308 and 311. To conduct such investigations, Section 7.5-307 of the Charter provides the IG with the power to subpoena witnesses and evidence; to administer oaths and take testimony of individuals; to enter and inspect premises; and to enforce the same.

The Charter further requires that every public servant, contractor, subcontractor, licensee, applicant for certification to cooperate in the IG's investigation, as failure to do so would subject that person "to forfeiture of office, discipline, debarment or any other applicable penalty." See Section 7.5-310.

To encourage individuals to report "waste, abuse, fraud and corruption," Section 7.5-313 requires all investigative files to be confidential except where production is required by law; and Section 7.5-315 prohibits retaliation against any persons who participate in the IG's investigation. In keeping with due process, Section 7.5-311 of the Charter requires that when issuing a report or making recommendations "that criticizes an official act," the affected party be allowed "a reasonable opportunity to be heard at a hearing with the aid of counsel."

Since all governmental bodies must be held accountable in their role, the Charter requires that the IG issue quarterly reports to the City Council and the Mayor, which shall be made public and published on the City's website. See, Section 7.5-306.

The Detroit Office of Inspector General is a proud and active member of the Association of Inspectors General (AIG). The Association is the professional organization for offices dedicated to government accountability and oversight. The Detroit Office of Inspector General was founded on the model principals of the Association, and the OIG staff participated in AIG training and received their certification in their area of discipline.

How OIG Complaints Are Resolved

All complaints submitted to the OIG, regardless of the method, are given a complaint number and assigned to an OIG staff member for further review. Based on initial review of the complaint, the Inspector General may:

- 1) Close the complaint and open an investigative file with a new file number;
- 2) Have an OIG employee follow-up with the complainant to obtain additional information pertaining to the complaint; or
- 3) Close the complaint without opening an investigation.

If the Inspector General elects to close the complaint without opening an investigation, one or more of the following actions will be taken:

- 1) The OIG will send a letter or an email to the complainant, or call the complainant, stating that we have decided not to investigate your complaint or that we are closing the complaint;
- 2) Refer the complaint to another department, agency, or legal entity, such as the City's Ombudsman's Office, Detroit Police Department, City of Detroit Buildings, Safety Engineering, and Environmental Department, Wayne County Sheriff or Prosecutor's Office, FBI, Michigan Department of Health and Human Services, or a legal aid office; or
- 3) The OIG will close the complaint without notifying the complainant. This usually occurs when the complainant has not left contact information or if the OIG does not believe it is appropriate to contact the complainant¹.

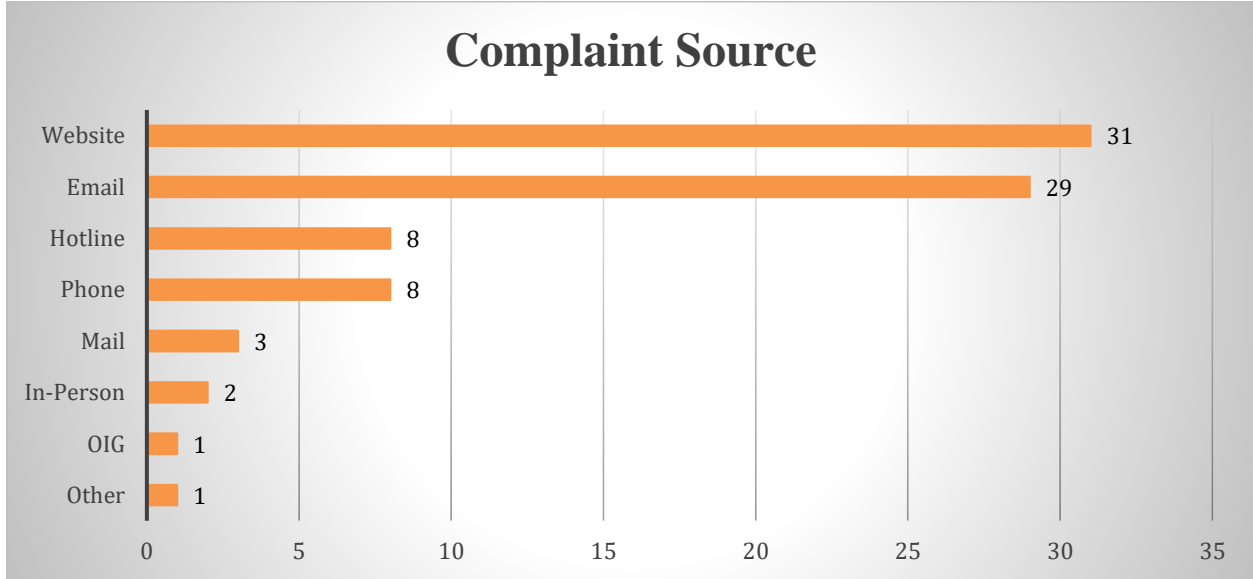
Based on the OIG's historical data, most of the complaints received by the OIG do not result in an investigation. However, every complaint is carefully reviewed before the complaint is closed without additional action or referred to another agency. For more information on how complaints are resolved, please visit www.detroitmi.gov/inspectorgeneral.

¹ For example, on occasion, two complainants with competing interests will file separate complaints with the OIG. If the OIG has a reasonable suspicion that criminal charges may result from a law enforcement investigation, the OIG will not notify either complainant before referring the case and closing it.

2024 2nd QUARTER COMPLAINT STATISTICS

(April 1, 2024 – June 30, 2024)

Sources of Complaints Received by the OIG in the 2nd Quarter



Categories of Complaints Received by the OIG in the 2nd Quarter



How Complaints Were Resolved by the OIG in the 2nd Quarter

Complaints Pending Prior to Quarter	5
Complaints Received During the Quarter	83
Total	88
Open investigative files	2
Pending	7
Decline investigation (No Action)	79
Total	88

The statistics above show the OIG actively worked on 88 complaints this quarter. By the end of the quarter, 2 of the 88 complaints were resolved by either opening a new investigation or referring the matter to the appropriate agency for investigation. The OIG declined to investigate 79 of the 88 complaints. As of June 30, 2024, the OIG still had 7 complaints pending.

Note: The pages that follow show that 29 investigations were initiated during the quarter. However, only 2 of the investigations were initiated based on complaints. The other 27 were spinoff investigations from an existing investigation.

How OIG Investigations Are Conducted and Resolved

The OIG may initiate an investigation based on information received in the complaint or on its own initiative.

An investigation is initiated when an Investigative File is opened and an auditor(s) and/or investigator(s) is/are assigned to the file.

An investigation would generally involve one or more of the following:

- 1) Interview of complainant(s) and/or witness(es);
- 2) Acquisition of evidence and/or documents and review of the same; and
- 3) Analyses of the evidence and/or documents reviewed, including forensic audit or review.

An OIG investigation may result in findings by the OIG which substantiate the complainant's allegation of waste, abuse, fraud or corruption in the City's operation or personnel or that of its contractors and/or subcontractors.

In some instances, although the complainant's allegations do not equate to waste, abuse, fraud or corruption, during the investigation of the allegations, the OIG may find other evidence of waste, abuse, fraud or corruption that was not contained in the initial complaint. In such instances, the OIG may initiate an investigation on its own initiative.

Likewise, if the investigation reveals that criminal activity may be involved, pursuant to Section 7.5-308 of the 2012 Charter of the City of Detroit (the Charter), the Inspector General is required to "promptly refer the matter to the appropriate prosecuting authorities."

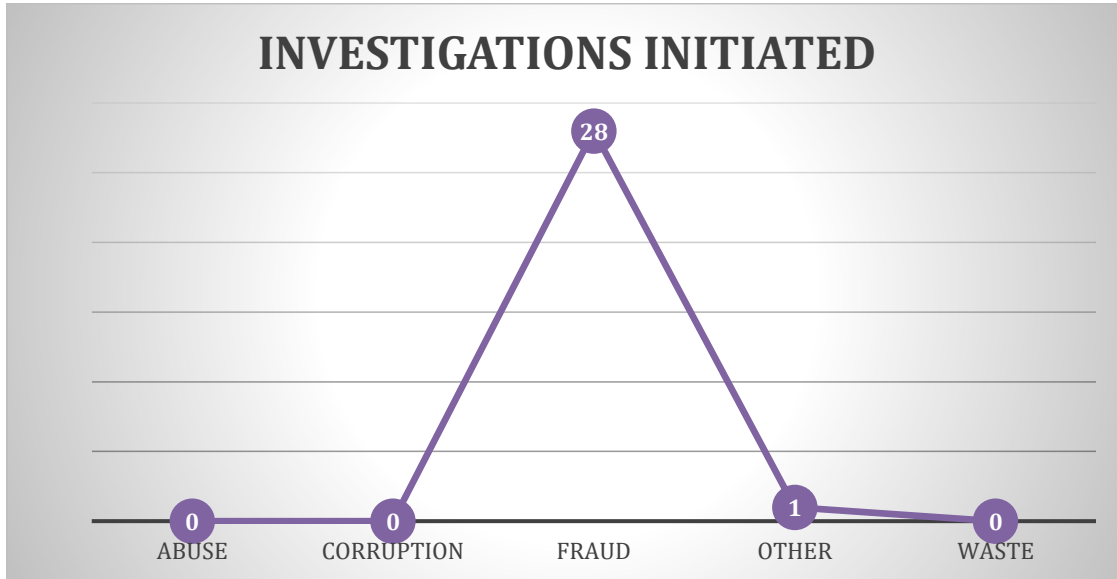
Pursuant to Section 7.5-311(1) of the Charter, "no report or recommendation that criticizes an official act shall be announced until every agency or person affected [by the report or recommendation] is allowed a reasonable opportunity to be heard at a hearing with the aid of counsel." Therefore, when our draft findings are critical, we send a copy of our draft findings, either as a draft memorandum or as a draft report to the affected parties. Thereafter, pursuant to the OIG's Administrative Hearing Rules (Hearing Rules), the parties have 14 calendar days to either provide a written response and/or seek an administrative hearing. Reports and memorandums are not finalized until the Administrative Hearing process has concluded. For additional information on this process, please visit our website at www.detroitmi.gov/inspectorgeneral.

The OIG summarizes the findings of the investigation in the OIG's final memorandum. At times, the OIG can elect to issue a formal final report instead of an internal memorandum. All formal final reports have been and will continue to be published on-line. In addition, from time to time, we exercise our discretion to publish some of our internal memoranda through the City and the OIG's website at: www.detroitmi.gov/inspectorgeneral. For more information on what type of reports and memorandums are published, please visit our website. You can also find copies of previously posted reports and memorandums.

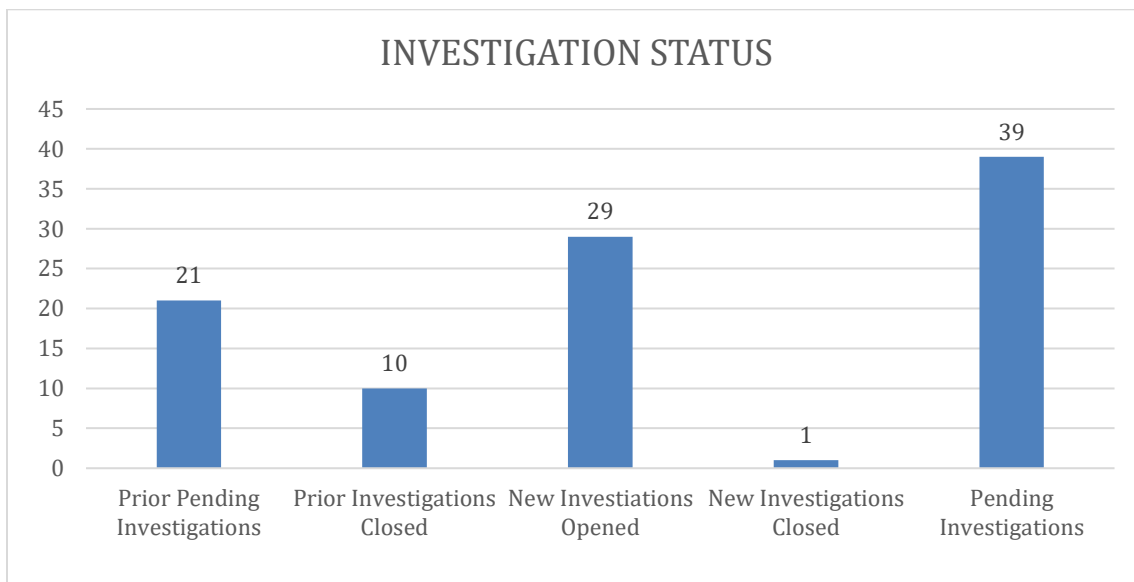
2024 2nd QUARTER INVESTIGATION STATISTICS

(April 1, 2024-June 30, 2024)

Categories of OIG Investigations Initiated by the OIG in the 2nd Quarter



Status of OIG Investigations in the 2nd Quarter



The statistics above show the OIG had 50 active investigations during the quarter. By the end of the quarter, 11 of the 50 investigations were closed. As of June 30, 2024, the OIG still had 39 investigations pending.

Summary of Investigations Closed in the 2nd Quarter of 2024

The following reflects four investigations the OIG closed in the 2nd Quarter of 2024 with an accompanying synopsis for each investigation.

OIG File Nos. 18-0028-INV, 18-0033-INV, 18-0049-INV, and 23-0011-INV **Den-Man Contractors, Inc.**

On April 27, 2023, the OIG issued an interim suspension to Den-Man Contractors, Inc. (Den-Man) and its owner David Holman pursuant to Section 17-5-360 the City of Detroit Debarment Ordinance (Debarment Ordinance). The OIG's review of records and information suggested that Den-Man and Mr. Holman were involved in improper and possible criminal activity which included use of unapproved backfill material that did not meet environmental standards as well as improper invoicing. The suspensions were issued based our knowledge of the potential harm to the health, safety, and welfare of Detroit residents.

On March 4, 2024, Mr. Holman pleaded no contest to felony false pretenses which was later reduced to a misdemeanor after he completed all requirements as set forth by the court. He was sentenced to probation and community service. Mr. Holman also agreed to pay restitution in the amount of \$4,722,587.59. He was required to pay \$1.25 million in restitution before his sentencing on April 12, 2024 and make monthly payments of \$1,000 towards restitution.

On January 26, 2024, Mr. MacDonald pleaded guilty to felony false pretenses. He was sentenced to serve probation and community service. Mr. MacDonald also agreed to pay restitution which included \$125,000 during the course of his probation. It should be noted that the OIG did not issue an interim suspension to Mr. MacDonald because he did not have an ownership, leadership, or financial interest in a company doing business with or seeking to do business with the City on April 27, 2023 or thereafter. Therefore, there was no "need for immediate action" as required by the Debarment Ordinance.

The OIG determined that Den-Man Contractors, Inc., David Holman, and David MacDonald have not acted as responsible contractors. Therefore, the OIG finds the following based on our findings:

- Den-Man Contractors, Inc. (Den-Man) is debarred for 20 years with an effective date of April 27, 2023.
- David Holman is debarred for 20 years with an effective date of April 27, 2023
- David MacDonald is debarred for 15 years with an effective date of January 26, 2024.

Pursuant to Section 17-5-354(b) of the Debarment Ordinance, Den-Man, Mr. Holman, and Mr. MacDonald are also precluded from serving as a "subcontractor or as a goods, services or materials supplier for any contract" for the City of Detroit. Additionally, because Mr. Holman and Mr. MacDonald, as individuals, are debarred, no company they own, are an officer for, or have a direct or indirect financial or beneficial interest in may do business with the City of Detroit as a contractor or subcontractor for the period of debarment.

18-0028-INV, et. al. DLBA

On September 7, 2018, the OIG initiated Case No. 18-0028-INV based on information received that indicated Den-Man Contractors, Inc. (Den-Man) invoiced the Detroit Land Bank Authority (DLBA) for backfill it received for free from various dirt haulers. The OIG opened the investigation to determine if Den-Man's actions were a violation of the Hardest Hit Fund (HHF) contracts and whether such actions constitute waste, abuse, fraud, or corruption. The HHF contracts under which Den-Man performed its work for the City stated "[a]t the time of invoice, the Contractor will be required to substantiate all costs associated with backfill (dirt) and must provide any and all documentation related to backfill (dirt) costs. Documentation must include but is not limited to: invoices and trip/load tickets." During this investigation, the OIG found evidence that indicated that the DLBA failed to collect backfill substantiation invoices as required by the contract. Therefore, the OIG's investigation was expanded to include whether the DLBA abused its authority by neglecting to collect the contractually required documentation.

Shortly thereafter, the OIG was made aware that the Office of the Special Inspector General for the Troubled Asset Relief Program (SIGTARP), who has jurisdiction over HHF funds, was also investigating the DLBA's actions for potential criminal or civil violations. Therefore, the OIG placed its investigation of the DLBA on hold pending the conclusion of SIGTARP's investigation. After SIGTARP completed its investigation of the DLBA, on February 10, 2023, the DLBA "agreed to pay the United States \$1,503,000 to resolve allegations related to unsubstantiated backfill dirt costs invoiced by demolition contractors and paid by the DLBA from December 2016 through June 2022, in connection with the DLBA's blight elimination program." However, the OIG decided not to finalize its investigation pending the outcome of the Den-Man investigation because information related to Den-Man's prosecution overlapped with information related to the DLBA's actions.

Based on the evidence reviewed, the OIG made the following findings and recommendations:

1. The OIG finds that Tammy Daniels, in her role as DLBA Demolition Director and DLBA Deputy General Counsel, abused her position and authority by failing to enforce all provisions of the HHF Request for Proposals (RFPs), contracts, and *Scope of Services*. Specifically, she neglected her responsibilities by failing to ensure that the DLBA collected contractually required documentation including backfill cost substantiation invoices. Therefore, the OIG recommends that Ms. Daniels be disciplined in accordance with DLBA policies for her disregard for the legally binding contractual requirements set forth by Michigan State Housing Development Authority (MSHDA) and U.S. Treasury Department (Treasury).
2. The OIG finds Michele Chittick, in her role as DLBA Deputy Demolition Director, also abused her position and authority by failing to collect the contractually required backfill cost substantiation invoices. As the deputy, she was responsible for ensuring contractor compliance in invoicing by reviewing contractor submissions prior to approving the payment of their submitted invoices. However, she never required the contractually mandated documentation prior to authorizing payment. Therefore, the OIG recommends that Ms. Chittick

be disciplined in accordance with DLBA policies for neglecting her duty to collect and review all contractually required documentation set forth by MSHDA and Treasury.

3. The OIG finds that the DLBA and Ms. Daniels' failure to enforce the contract with Den-Man resulted in financial waste. The failure to collect backfill invoices to verify that contractors incurred costs resulted in fraudulent reimbursements and financial losses to the HHF Demolition Program.
4. The OIG finds that the DLBA and Ms. Daniels' failure to collect contractually required documentation also resulted in the DLBA's waste of time and resources. The City of Detroit and DLBA expended a lot of time and/or resources to test and remediate the properties where unapproved backfill was used. The use of this unapproved material could have been prevented if Ms. Daniels mandated that the DLBA collect the contractually required backfill substantiation documentation.
5. Lastly, the OIG finds that the DLBA and Ms. Daniels abused their position and authority by failing to conduct quality control audits as mandated by Treasury in 2016. Therefore, the OIG recommends that Ms. Daniels, as the person in charge of the HHF Demolition Program and ensuring proper reimbursements as required by MSHDA and Treasury, be disciplined in accordance with DLBA policy.

22-0017-INV

DES and David Gillespie

On November 30, 2023, the OIG issued an interim suspension to Detroit Environmental Solutions, LLC. (DES), and its owner David Gillespie pursuant to Section 17-5-360 of the City of Detroit Debarment Ordinance (Debarment Ordinance). The OIG's preliminary review of records and information, in addition to the Michigan Department of Attorney General's (Michigan AG's Office) criminal charges issued against David Gillespie, suggested DES and David Gillespie were involved in improper and possible criminal activity. Evidence suggested that DES and David Gillespie knowingly or negligently worked with debarred contractors Kevin Woods and BBK Environmental, LLC. (BBK) on City of Detroit contracts in violation of the City of Detroit Debarment Ordinance. Additionally, evidence indicated that DES violated the Asbestos Abatement Contractors Licensing Act (the Asbestos Act) which potentially endangered the health, safety, and welfare of residents. Therefore, the OIG issued interim suspensions because DES performs asbestos abatement services which could impact the health, safety, and welfare of Detroit residents.

On May 13, 2024, Mr. Gillespie pleaded no contest to one count of felony false pretenses. He was sentenced to two years of probation, restitution in the amount of \$24,000, and 100 hours of community service. If Mr. Gillespie satisfies all of these terms and conditions, his charge will be reduced to a misdemeanor false pretenses. Additionally, David Gillespie assisted BBK and Kevin Woods in circumventing their interim suspensions issued in August 2019 thus allowing them to continue to financially benefit from City of Detroit contracts.

The OIG determined that DES and its owner David Gillespie have not acted as responsible contractors. Therefore, the OIG finds the following based on our findings:

- Detroit Environmental Solutions, LLC. (DES) is debarred for 20 years with an effective date of November 30, 2023.
- David Gillespie is debarred for 20 years with an effective date of November 30, 2023.

Pursuant to Section 17-5-354(b) of the Debarment Ordinance, DES, Mr. Gillespie, BBEK and Mr. Woods are also precluded from serving as a “subcontractor or as a goods, services or materials supplier for any contract” for the City of Detroit. Additionally, because Mr. Woods, as an individual, is debarred, no company he owns, is an officer for, or has a direct or indirect financial or beneficial interest in may do business with the City of Detroit as a contractor or subcontractor for the period of debarment.

BBEK and Kevin Woods

On August 5, 2019, the OIG issued an interim suspension to BBEK pursuant to Section 17-5-360 of the City of Detroit Debarment Ordinance. On August 9, 2019, the interim suspension was extended to include BBEK owner Kevin Woods. The OIG’s preliminary review of records suggested that Kevin Woods was involved in improper and possible criminal activity which included violations of the Asbestos Abatement Contractors Act. As a result of the interim suspension, these companies and owners could not do any work on City of Detroit contracts and could not work as a “subcontractor or as a goods, services or materials supplier for any contract” related to the City of Detroit. Further, no company they owned, were an officer for, or had a direct or indirect financial or beneficial interest in could do business with the City of Detroit as a contractor or subcontractor for the period of suspension. However, Mr. Woods circumvented the interim suspension by assisting in the formation of DES, listing David Gillespie as the owner, taking a consulting fee, and then doing work for the City of Detroit.

It should be noted that Mr. Woods and BBEK were also previously debarred pursuant to OIG Case No. 19-0028-INV. On June 2, 2022, Kevin Woods pled guilty to one count of false pretenses for a violation of the Act and was sentenced to two years of probation, restitution for underreported Michigan Department of Licensing and Regulatory Affairs (LARA) fees, and 100 hours of community service. The debarment was effective August 9, 2019 with an end date of August 9, 2039.

The OIG once again determines that BBEK and Kevin Woods have again not acted as responsible contractors. Therefore, the OIG finds the following:

- BBEK Environmental, LLC. (BBEK) is debarred for 20 years with an effective date of May 21, 2024.
- Kevin Woods is debarred for 20 years with an effective date of May 21, 2024.

Pursuant to Section 17-5-354(b) of the Debarment Ordinance, BBEK and Mr. Woods are also precluded from serving as a “subcontractor or as a goods, services or materials supplier for

any contract” for the City of Detroit. Additionally, because Mr. Woods, as an individual, is debarred, no company he owns, is an officer for, or has a direct or indirect financial or beneficial interest in may do business with the City of Detroit as a contractor or subcontractor for the period of debarment.

23-0015-INV

The OIG received a complaint that a department director was performing duties for his outside employment while working for the City of Detroit. The complaint further alleged the Director was using City funds for travel related to his outside employment, and that he did not use leave time when traveling for his outside employment.

The OIG was not able to substantiate the allegation that the Director used City funds for the travel related to his outside employment. However, the OIG was able to substantiate the allegation that the Director entered regular work hours instead of leave hours when he was out of the office for his outside employment. At the time the report was completed, the Director has already been disciplined so no recommendations were made regarding the Director.

While reviewing the travel documents provided to determine if the Director used City funds for his travel, the OIG noticed some other travel-related transactions that raised concerns. As such, the OIG expanded the investigation to review all travel expenses for the department for a selected period.

Based on the OIG’s review, we determined that the department’s travel expenses were not in line with the City’s Travel Directive. We made the following recommendations:

1. Increased training for the Travel Coordinators in all departments to include:
 - a. Prohibiting the Travel Coordinator from making charges to the travel card before obtaining a Travel Authorization Request Form (TARF) that covers all anticipated expenses related to the travel and is signed by an authorizing person.
 - b. Identifying what types of expenses are not allowed/reimbursable without approval, and how the approval should be obtained and documented.
 - c. Ensuring the Travel Coordinator compares the anticipated hotel rates in various locations to the approved rates used by the City of Detroit.
 - d. Proper review and collection of supporting documentation, including what needs to be included on the documents to be considered acceptable supporting documentation.
 - e. Recognizing when additional approvals are required by the City’s Travel Directive, such as for reimbursement for car rentals.

2. Update the TARF to require the traveler to identify which of the four criteria outlined in the Travel Directive the travel meets in the purpose section.
3. If an exception to the Travel Directive is made, such as travel outside of the continental United States, the reason should be fully documented, and the approver needs to sign off on the TARF.

23-0017-INV

The OIG received a complaint stating that a City of Detroit vehicle was frequently parked at a house for long periods of time between 9:00 am and 3:00 pm. The OIG identified the General Services Department (GSD) employee and program (i.e., Dead Dangerous, Diseased Tree Program) associated with the vehicle. During the investigation, the GSD administration made changes to the program that reduced the risk of employee waste and abuse of City resources. Therefore, the OIG closed the investigation without further action.

23-0019-INV

On August 28, 2023, the OIG opened a complaint involving Staffing Equipment Evolution, LLC (SEE). It was alleged that SEE is connected to former City of Detroit contractor Bobby Ferguson. In 2013, Mr. Ferguson was convicted of nine (9) felonies, including racketeering, extortion, and bribery, related to City of Detroit contracts. He was sentenced to 21 years in federal prison but was released in April 2021 on compassionate grounds. The OIG sought to determine if SEE was connected to Mr. Ferguson and, if so, did SEE fraudulently try to conceal his involvement with the company.

While investigating this complaint, the OIG found discrepancies in information submitted by SEE to the City of Detroit during the process to become a prequalified bidder. Therefore, the OIG reviewed SEE's responses and representation made in the prequalification process to determine if any fraudulent misrepresentations were made. As part of our investigation, the OIG obtained information from the City of Detroit Office of Contracting and Procurement (OCP). We also sought documentation from SEE and requested to interview the company's owner, Bianca Bush. However, during the investigation, SEE stopped cooperating with the OIG in violation of the 2012 Charter of the City of Detroit (Charter). Most of the documentation provided by SEE was incomplete or unresponsive to the OIG's request. Ms. Bush, through her attorney, also refused to be interviewed by the OIG.

On February 26, 2024, the OIG issued its draft report based on the information and documentation that was made available at the time. The analyses of the information we had led us to conclude that SEE misled OCP and became a prequalified bidder through misleading and fraudulent means. SEE had also been less than transparent and lacked cooperation in its communications with the OIG. As such, we believed it would be in the public's best interest to initiate debarment proceedings against SEE under the City's Debarment Ordinance. Soon after the issuance of the draft debarment report, SEE requested an administrative hearing and began fully cooperating with the OIG.

Based on the evidence collected the OIG had the following findings and recommendations:

- Staffing Equipment Evolution, LLC was misleading in its responses to OCP and did not meet the requisite experience required to become a prequalified bidder. However, OCP sought additional information, which SEE provided, and OCP subsequently prequalified the company. Therefore, based on the new information provided during SEE's administrative hearing, the OIG now finds that it would not be in the public interest to debar SEE.
- Based on the misleading responses submitted by SEE, the OIG recommends that OCP revoke SEE's prequalified bidder status. SEE should be required to reapply before they are eligible to bid on future contracts with the City of Detroit.
- OCP's junior employee improperly prequalified SEE without a thorough review and evaluation of SEE's responses to become a prequalified bidder. The OIG notes however that OCP has subsequently made changes to the process as detailed in this report. As such, the OIG does not have policy recommendations for the OCP at this time.
- Pursuant to Section 6-308 of the City of Detroit Charter, the OIG recommends that OCP refer all questionable contractor submissions to the OIG so we may determine if any fraudulent documentation or information was submitted.

23-0020-INV

The OIG received a complaint that alleged grievances were improperly closed due to an abuse of authority by the employee's Union and the Labor Relations Department of the Detroit Police Department (DPD). It is not the role of the OIG to settle matters being reviewed by the grievance process. Therefore, the OIG did not investigate the subject matter of the grievances, and only investigated in the grievances were closed properly. Because the investigation involved the Labor Relations division of DPD, IG Ha was recused from the investigation and the investigation was reviewed and approved by Deputy Inspector General Marable.

The OIG was unable to substantiate the allegations raised in the complaint. The grievances were closed properly with no evidence of abuse of authority. One grievance remained unresolved at the time of the report, awaiting an authorization from the complainant that she was reluctant to provide. However, the OIG was unable to substantiate the allegation that the required authorization was an abuse of authority. Therefore, the investigation was closed with no further action.

24-0003-INV

The OIG received a complaint that alleged that several City of Detroit employees were working a concerning amount of overtime. For some employees, the hours worked seemed implausible and a possible waste of City resources. The hours worked also raised concerns about possible fraud in the overtime payments to the employees, as well as possible abuse of authority or negligence by management of these departments. Through this initial investigation, the OIG identified 27 employees that require further investigation. As such, separate investigations will be conducted on each employee. The OIG provided the OCFO with recommendations to better control overtime payments and prevent possible overtime fraud or abuse. The recommendations

included limits on discretionary overtime and tiered approvals for employee's that exceed the limit. Therefore, while this initial investigation was closed with no further action, an additional 27 investigations were spun-off from this matter.

24-0005-INV

On April 24, 2024, the OIG opened a complaint regarding a Detroit Fire Department (DFD) firefighter. It was alleged that the firefighter was committing time fraud by working at his secondary employment location when he should be working his shift for DFD. Specifically, the complainant stated that the firefighter was assigned to the fire station less than a half mile from his other work location and he frequently went there when he should be working at the fire station. The complainant also stated that the firefighter misused a DFD fire truck by using it to drop off supplies at his secondary work location.

Based on the evidence reviewed by the OIG, we were unable to substantiate that any waste, abuse, fraud, or corruption occurred. OIG staff conducted surveillance and was unable to verify that the firefighter was at his secondary work location when he was scheduled to work for DFD. Also, the OIG staff did not observe or find any evidence to support that the firefighter was misusing DFD vehicles to deliver items the secondary work location. Finally, the OIG also found that the firefighter was not assigned to the fire station nearest his secondary work location, but one that was across the City.

How OIG Audits Are Conducted and Resolved

The OIG’s Forensic Auditors are specially trained to investigate programs, practices, and financial transactions to obtain evidence of fraud, abuse, waste, and corruption in City of Detroit government. The Forensic Auditors use this expertise to identify fraud risks, detect the misappropriation of City assets and make recommendations to prevent future incidents. In addition, OIG Forensic Auditors review various programs, policies, and procedures to determine whether they are sufficient to detect and prevent fraud, abuse, waste, and corruption. The OIG may initiate an audit based on information received in the complaint or based on an assessment of risk.

An audit generally involves performing one or more of the following:

- 1) A preliminary survey to gather background information and identify audit objectives.
- 2) A risk assessment to identify areas of concern.
- 3) Interviews department staff and leadership.
- 4) Review of requested documents.
- 5) Analytical procedures for detailed testing.

An OIG audit may result in findings that identify actual incidents, or actions that increase the risk of, waste, abuse, fraud, or corruption in the City’s operations. If the audit reveals that criminal activity may be involved, pursuant to Section 7.5-308 of the 2012 Charter of the City of Detroit (the Charter), the Inspector General is required to “promptly refer the matter to the appropriate prosecuting authorities.” An audit can also result in an OIG investigation.

A report is drafted at the end of each audit that includes any conditions that increase the risk of fraud, abuse, waste, and corruption as well as recommendations to mitigate the conditions identified during the audit. Pursuant to Section 7.5-311(1) of the Charter, “no report or recommendation that criticizes an official act shall be announced until every agency or person affected [by the report or recommendation] is allowed a reasonable opportunity to be heard at a hearing with the aid of counsel.” Therefore, when our draft findings are critical, we send a copy of our draft findings, either as a draft memorandum or as a draft report to the affected parties. Thereafter, pursuant to the OIG’s Administrative Hearing Rules (Hearing Rules), the parties have 14 calendar days to either provide a written response and/or seek an administrative hearing. Reports are not finalized until the Administrative Hearing process has concluded. For additional information on this process, or to see copies of our audit reports, please visit our website at www.detroitmi.gov/inspectorgeneral.

Audits Pending Prior to 2 nd Quarter	1
Prior Audits Closed During 2 nd Quarter	0
New Audits Opened in the 2 nd Quarter	0
New Audits Closed in the 2 nd Quarter	0
Audits Pending as of 4/30/2024	1

OIG RECOMMENDATIONS MADE TO CITY DEPARTMENTS AND AGENCIES

Status Report as of June 30, 2024

Case Number	Public Servant, Department, Board or Agency	Recommendation	Status	Recommendation Date	Public Servant, Department, Board or Agency Response
18-0028-INV	Detroit Land Bank Authority (DLBA)	DLBA Executive Director Tammy Daniels and DLBA Deputy Demolition Director Michele Chittick should be disciplined for abusing their positions and authority for failing to collect contractually required documentation from contractors.	Closed	6/3/2024	DLBA Board Chair Erica Ward Gerson stated that she will not discipline Ms. Daniels and Ms. Chittick for abusing their authority/ positions.
22-0003-INV	Civil Rights, Inclusion and Opportunity (CRIO)	Revise policies to add an analytical component to its document review process, review the Finance Ordinance to provide clarity to contractors on requirements, training to contractors on requirements, contractor compliance with all City requests.	Closed	9/13/2022	CRIO's Director responded that CRIO now has a Policy and Data team, and they are currently working with Law on several items related to our certifications that will strengthen the certification process. We expect to send Ordinance changes to City Council for approval this fall. The certification team has also increased outreach by participating in meetings with department and contractors. For large developments we now require that all contractors involved must be included in the onboarding process of said development.

Case Number	Public Servant, Department, Board or Agency	Recommendation	Status	Recommendation Status	Public Servant, Department, Board or Agency Response
22-0013-INV& 23-0001-INV	Office of the Chief Financial Officer	Revise the City policies to clarify the requirement that hourly employees must enter their time each workday.	Open	9/29/2023	As of January 8, 2024, no response has been received from the department.
22-0013-INV& 23-0001-INV	Department of Public Works (DPW)	Require all drivers of City vehicles to read and sign copies of the Use policy.	Open	9/29/2023	As of January 8, 2024, DPW has not confirmed whether the recommendation has been implemented.
22-0018-INV	Construction & Demolition Department	Develop a data documentation policy and/or procedure that can better dirt is properly tracked from source to site.	Open	9/27/2023	On June 27, 2024, the department stated that it is finalizing its audit of parameters/ procedures, and that the department will share the results of the audit with the OIG.
23-0005-INV	Board of Police Commissioners (BOPC)	Revise the BOPC Bylaws, OCI SOP, investigative processes/ complaint dispositions and organizational chart to ensure consistency with the Charter; Review identified complaints to ensure they are resolved in accordance with the Charter; Immediate training for identified Commissioners and annual training for all commissioners on Charter provisions and other relevant legal requirements.	Open	2/29/2024	On July 9, 2024, the BOPC stated: (1) that it is in the process of amending its Bylaws and the OCI's SOP to ensure compliance with the Charter, (2) that the OCI is reviewing the triaged and/or administratively closed complaints that were the subject of the investigation, (3) that commissioners and BOPC/OCI staff generally receive training at onboarding and throughout the year, and (4) that the Board adopted and approved a revised organization chart on June 27, 2024.

Case Number	Public Servant, Department, Board or Agency	Recommendation	Status	Recommendation Date	Public Servant, Department, Board or Agency Response
23-0005-INV	Human Resources (HR)	Training for City HR employees on Charter provisions and other laws/policies that are unique and relevant to the BOPC's personnel matters and voting requirements.	Open	3/6/2024	Update due August 6, 2024.
23-0010-INV	Media Services	A City computer should be issued to employees who conduct work on the computer in adherence to the City's Data Security Policy; Employees using Box should have a unique username linked to their full name; Employees should use their City issued email address and equipment when conducting City business whenever feasible and in accordance with applicable City policies.	Closed	12/21/2023	On April 19, 2024, Vickie Thomas responded that since she became Communications Director in May 2021, the Media Services department adheres to the City's Data Security Policy. Every employee of the Media Services department who uses Box is signed in using their email address which clearly identifies the user. The department adheres to the City's Asset Management Policy and Workstation Usage Policy. In addition, Ms. Thomas reported that the target of the investigation is no longer with the department and another employee involved has retired.

Case Number	Public Servant, Department, Board or Agency	Recommendation	Status	Date	Public Servant, Department, Board or Agency Response
23-0012-INV	Detroit Transportation Corporation	DTC should follow-up on any duplicate payments not resolved by the OIG and obtain the necessary refund or credit; Submit the status of the duplicate payments to the OAG to be included in their subsequent audit report; Adopt the various recommendations made in the OAG’s audit report.	Open	3/12/2024	On April 4, 2024, Robert Cramer responded that he, Controller Karen Foster and Deputy General Manager Ernest Latham will work to provide updates on the recommendations.
23-0015-INV	Office of the Chief Financial Officer (OCFO)	Increased training for Travel Coordinators on compliance with the Travel Directive; Updates to the Travel Authorization Request Form to identify the approved travel criteria that applies to the proposed travel; Requirement to fully document any deviations from the Travel Directive, including who approved the change.	Open		In a response dated May 16, 2024, the OCFO agreed with the recommendations from the OIG and plans to incorporate the recommendations into an updated policy in the near future.

Case Number	Public Servant, Department, Board or Agency	Recommendation	Status	Recommendation Status	Public Servant, Department, Board or Agency Response
23-0018-INV	Building, Safety Environment and Engineering (BSEED)	1) BSEED’s Director and the Law Department should correct the application approval made in error and go through the BZA process; 2) Develop policies to address internal disputes regarding variances and the correct application of the Zoning Ordinance; 3) Issue appropriate discipline to the BSEED Director.	Closed	2/27/2024	On April 29, 2024, Dave Bell stated that BSEED issued a revised grant related to this matter and it is now requiring a board of zoning appeals approval. In addition, BSEED rescinded the certificate of occupancy, and Mr. Bell will consult with law on any similar discrepancies in the future prior to giving approval.
23-0019-INV	Office of Contracting and Procurement (OCP)	OCP should revoke Staffing Equipment Evolution's status as a pre-qualified bidder.	Closed	5/16/2024	OCP and the Construction and Demolition Department confirmed that Staffing Equipment Evolution is no longer a prequalified contractor.
24-0003-INV	Office of the Chief Financial Officer (OCFO)	OCFO should work with the departments to better control overtime payments with limits on discretionary overtime and tiered approvals for employee’s that exceed the limit.	Open	6/10/2024	OCFO responded that the report’s recommendations for policies and procedures are appreciated and OCFO will work with the departments to address how to modify or incorporate those recommendations and develop processes that best fit their needs. OCFO will continue to work with OIG to manage personnel costs and identify any inappropriate costs.

Office of the Inspector General Organizational Structure: 2nd Quarter of 2024

Between April 1, 2024, and June 30, 2024, the City of Detroit Office of the Inspector General (OIG) consisted of the following individuals:

Ellen Ha, Esq., CIG, **Inspector General**
Kamau Marable, CIG, **Deputy Inspector General**
Jennifer Bentley, Esq., CIGI, **OIG Attorney**
Tiye Greene, Esq., **Associate Attorney**
Edyth D. Porter-Stanley, CIGA, CFE, **Forensic Auditor**
Beverly L. Murray, CIGA, CFE, **Forensic Auditor**
Kelechi Akinbosede, Esq., CIGI, **Investigator**
April Page, CIGI, **Investigator**
Kasha Graves, **Administrative Assistant**
Kaniya Foster, **Administrative Assistant**
Christina Hobson, **OIG Intern / Mayoral Fellow**

OIG Contact Information

Via Internet: www.detroitmi.gov/inspectorgeneral

(The website is on a secure server, which allows individuals to provide information on a secure electronic report form 24 hours a day, 7 days a week.)

Via Telephone Hotline: 313-964-TIPS (8477)

Via OIG Telephone Line: 313-628-2517

Via Mail: City of Detroit Office of Inspector General
615 Griswold, Suite 1230
Detroit, Michigan 48226

Via Email: oig@detoig.org or Suggestions@detoig.org

You can also visit the OIG at the address above to file a complaint in person.